

0023449

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

This Document contains information affecting the National Defense of the United States, within the meaning of Title 18, Sections 793 and 794, of the U.S. Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law. The reproduction of this form is prohibited.

CONFIDENTIAL

COUNTRY	China	REPORT NO.	[REDACTED] 25X1A
SUBJECT	Wage Stabilization and Cost of Living	DATE DISTR.	9 February 1954
DATE OF INFO.	[REDACTED] 25X1C	NO. OF PAGES	3
PLACE ACQUIRED	[REDACTED]	REQUIREMENT NO.	RD
		REFERENCES	

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.  
THE APPRAISAL OF CONTENT IS TENTATIVE.  
(FOR KEY SEE REVERSE)

25X1X

## SOURCE:

1. Prior to May 1953 the cost per day of the necessities of life for one laborer<sup>1</sup> was designated as one fen (0118) by the Chinese Communists. Wages were then set on the basis of the fen.<sup>2</sup> In June 1953 one fen was equivalent to about JMP 2,000.
2. In government-managed enterprises an apprentice received from 150 to 300 fen per month in wages; a skilled factory worker from 200 to 700 fen per month. Following is a monthly accounting of a family in which the husband and the wife worked for a government-owned textile factory in Shanghai; this couple had one child and no other dependents. The family was living in a rent-free house, and their taxes were paid by their employer. The JMP 450,000 balance was used for new articles other than the listed items, permitting little saving.

Income:	Wage (for both husband and wife), 462 fen	JMP 924,000
	Bonus	<u>47,000</u>
	Total	JMP 971,000
Expenditures:	Labor union dues	JMP 11,000
	Food	284,000
	Fuel	28,000
	Water, electricity	13,000
	Cigarettes	60,000
	Newspaper	10,000
	Amusement	40,000

CONFIDENTIAL

25X1A



CONFIDENTIAL

25X1A

-2-

Expenditures: Goods purchased through the  
cooperative society

JMP 7,320,000

Miscellaneous expenses

1,360,000

Total

JMP 20,830,000

Balance (to be used for the purchase of  
livestock)

JMP 7,170,000

5. Government workers were given all necessities in kind and additional pocket money of about JMP 150,000 per month.

- 25X1A 1. Comment. It is not clear if the use of the word "laborer" in this instance indicates that the value of the fen is based on the necessities required by the members of the lowest economic level or if laborer is synonymous with wage-earner.
- 25X1A 2. Comment. This system was first adopted to stabilize living when price fluctuations were large and was later adopted by most enterprises.
- 25X1A 3. Comment. The tax paid by employers was presumably individual income tax.
- 25X1A 4. Comment. The figures given in this column total ~~JMP~~ 728,000.

CONFIDENTIAL



CONFIDENTIAL

25X1A

-2-

Expenditures: Miscellaneous expenses

75,000

Total

JMP 521,000

Balance

JMP 450,000

3. Following is a monthly accounting for a family of four in Shanghai. The husband worked for a private trading company and the wife as an accountant in a department store, both companies being in Shanghai. A 15 percent tax<sup>3</sup> was paid by the employers, and most of the remaining JMP 102,000 was used for new clothes.

Income: Husband, 172 fen

JMP 344,000

Bonus

120,000

Wife, 170 fen

340,000

Bonus

62,000

Total

JMP 866,000

Expenditures: Union dues for both

JMP 16,000

Rent

40,000

Food

360,000

Water, electricity

12,000

Cigarettes

80,000

Newspaper and magazines

50,000

Amusement

120,000

Miscellaneous expenses

50,000

Total

JMP 764,000<sup>4</sup>

Balance

JMP 102,000

4. Following is the annual accounting of a farmer's household in Shantung.

Income: From farming

JMP 24,800,000

From other work

3,200,000

Total

28,000,000

Expenditures: Cooperative society dues

JMP 100,000

Food (calculated in terms of cash)

7,050,000

Taxes

3,200,000

Cost of raw materials paid  
to the cooperative society

1,800,000

CONFIDENTIAL